

# PARTNERSHIP PROTECTION TRUST.

## Important Notes

Before completing the Partnership Protection Trust, please read the following notes.

1. This documentation has been produced for consideration by you and your legal advisers. The legal and tax effects of the Trust will depend on your individual circumstances and Legal & General (as defined in clause 11.3 of Part B of the Trust) and its advisers accept no responsibility for ensuring that the Trust meets your requirements.
2. Ensure that you fully understand the terms of the Trust and how it works: see further the technical guide. If you are in any doubt about the terms, it is your responsibility to seek legal or tax advice as appropriate.
3. You should also ensure you have read and understood all the literature relating to your chosen policy for this Trust.
4. This Trust is designed for use with Legal & General's protection life assurance policies for Partnership share protection and Partnership key person arrangements. It is not designed to be used for limited liability partnership protection, director share protection or family protection. Please contact Legal & General for other trust forms in our range.
5. This Trust can be used only with applications for new single life Legal & General protection policies.
6. The Settlor is the person who is creating the Trust. The Trustees will be the legal owners of the policy and their authority is required for any dealings with the policy. It is the Trustees who would make a claim for any policy proceeds.
7. It is a good idea to have at least two Trustees at any time. Care should be taken when choosing Trustees. The people appointed must be over 18 years of age and of sound mind. The Trustees should be people who the Settlor believes will act in the best interests of the Beneficiaries. The Trustees have wide powers to determine the shares in which the Policy proceeds are distributed to the Beneficiaries. Although in practice the Trustees would normally distribute proceeds to enable partners to exercise their options or comply with obligations under a cross option agreement or alternative agreement, note that the Trustees are not compelled to distribute proceeds for this purpose. It is also a good idea for them to be resident in the United Kingdom. Solicitors and accountants can act as Trustees but they will charge for their services.
8. With Partnership Share protection, for the other partners to benefit from this trust they must also effect and maintain similar policies on similar trusts. We also suggest all the relevant partners enter into a suitable cross option agreement or other arrangement. Legal & General offer a draft Cross Option Agreement for consideration by the partners and their legal advisers.
9. For information on tax implications relating to this Trust see the technical guide.
10. Please note that Legal & General will only accept instructions from Trustees who have had their identities verified. We may need also to confirm the identity of other individuals relating to the Trust. We may do this by using reference agencies to search sources of information; this will not affect credit ratings. If this identity search fails, we may ask the parties for documents to confirm their identities. By signing this Deed, all parties to this Deed have consented that we can verify their identity and that, if required by Legal & General, the Trustees will take all reasonable steps to obtain for Legal & General evidence of identification for any of the Beneficiaries of the Trust.
11. Legal & General has drafted this Trust to reflect the law as at 19th August 2010. Legal & General and its advisers cannot accept any responsibility for loss, damage or other claim that may arise from the use of this Trust or the way in which you complete it. We therefore strongly recommend that you consult your own legal or tax adviser before proceeding.
12. Use CAPITALS and black or blue ink throughout. If you make a mistake while completing the Trust, please correct the error by crossing out (do not use correction fluid) and the Settlor and the Trustees should initial the change.

# BUSINESS PROTECTION – PARTNERSHIP PROTECTION TRUST

The Settlor and Trustees should read Important Notes on page 1 before completing the Trust Deed.

## PART A

### DATE OF TRUST

The date inserted for Part A must be a date on or after the last person signs on pages 6-7 and must be a date before the new policy comes into force.

THIS DECLARATION OF TRUST is made on the  day of  20

BY the Settlor and the Trustees.

## PART B

### DEFINITIONS

Please insert the full name and address of the Settlor.

#### 1 The 'Settlor' means

Name

Address

  

Postcode

Date of birth

#### 2 The 'Additional Trustees'

##### ADDITIONAL TRUSTEE 1

Name

Address

  

Postcode

Date of birth

##### ADDITIONAL TRUSTEE 2

Name

Address

  

Postcode

Date of birth

##### ADDITIONAL TRUSTEE 3

Name

Address

  

Postcode

Date of birth

##### ADDITIONAL TRUSTEE 4

Name

Address

  

Postcode

Date of birth

The Settlor will automatically be a Trustee.

### 3 The 'Trustees'

The 'Trustees' shall mean the Settlor and the Additional Trustees and any other trustees for the time being of this Trust.

### 4 The 'Beneficiaries'

The 'Beneficiaries' shall mean the partners in the Firm but so that no Excluded Person shall be capable of benefiting.

Please insert here the name of the Partnership

### 5 The 'Firm'

and its successors in business including limited liability partnerships or companies and the term 'partner' shall include members of a limited liability partnership or shareholding directors of a company as appropriate.

Please insert name of Trust in this box.

### 6 Name of Trust

This Trust shall be called.

Trust

### 7 Governing Law

This Trust will be governed by the law of England and Wales.

### 8 Excluded Persons

- 8.1 The Trustees may at any time or times during the Trust Period, declare by deed or deeds that the objects or persons or classes of objects or persons named or specified (whether or not ascertained) in such deed who are, would or might, but for this clause, be or become Beneficiaries or otherwise able to benefit, as the case may be, shall, in relation to the whole or any part of the Trust Fund, be excluded from benefit (both direct and indirect) and shall be known as 'Excluded Persons'.
- 8.2 The power conferred by sub clause 8.1 shall not be capable of being exercised so as to take away any interest to which any of the Beneficiaries has previously become indefeasibly entitled.
- 8.3 Any declaration made pursuant to sub clause 8.1 may be revocable, during the Trust Period, or irrevocable to take effect before the end of the Trust Period and shall have effect from the date (not being a date earlier than the date of such instrument) specified in the instrument.
- 8.4 Subject to sub clause 3.5 of Part C the Settlor shall be an Excluded Person and this exclusion shall not be revocable.

### 9 The 'Trust Fund'

The Trust Fund means the Policy set out in the Schedule to this Deed together with any and all other property at any time added to this Trust by way of a settlement, capital accretion, accumulation of income or otherwise and all assets from time to time representing the same.

The Trust Fund shall include any accidental death benefit cover that Legal & General may give pursuant to the application to Legal & General for the new policy as set out in the Schedule to this Deed.

The Settlor declares the intention to pay the premiums under the Policy for the sole benefit of the persons beneficially interested from time to time under this Trust and irrevocably disclaims any lien or charge on the Policy for the repayment of any premium.

### 11 Construction

- 11.1 In this Deed words importing the singular shall include the plural and vice versa. Words importing a gender include every gender.
- 11.2 'Policy' shall mean the policy or policies effected pursuant to the application to Legal & General, as set out in the Schedule to this Deed, and shall include any variation or amendment to the same.
- 11.3 Legal & General shall mean Legal & General Assurance Society Limited.
- 11.4 The notes in the margin are for the purposes of information only and shall not be used in the construction of the Trust or any part of it.

### 1 Appointing the Trustees

In signing this Declaration of Trust the Settlor appoints the Trustees to act as the trustees of this Trust and the Trustees agree to act as the trustees of the Trust (as evidenced by them signing this Deed) in accordance with the trusts powers and provisions set out below.

### 2 Trust Request

The Settlor hereby requests and declares that the Policy be issued by Legal & General to the Settlor to hold on trust with the Additional Trustees subject to the powers and provisions of the Trust as set out in this Deed.

### 3 Trust Provisions

- 3.1 Subject to sub clause 3.5 the Trustees shall hold the Trust Fund and the income thereof for the benefit of any one or more of the Beneficiaries upon such trusts (including discretionary and protective trusts) in such shares and with and subject to such trusts powers and provisions (exercisable by any person) as the Trustees shall at any time or times appoint by deed or deeds executed during the Trust Period which may be revocable during the Trust Period or irrevocable.
- 3.2 Subject to and in default of any such appointment and subject to sub clauses 3.4 and 3.5 the Trust Fund shall be held on trust for the person or persons (other than the Settlor) who is or are for the time being the partner(s) in the Firm and if more than one in the same proportions in which they would be entitled for the time being to share among themselves in any profits of the Firm excluding the profits to which the Settlor and any partners precluded from benefiting by sub clause 3.4 are entitled.
- 3.3 The statutory provisions for accumulation and maintenance shall not apply.
- 3.4 Notwithstanding the foregoing for partnership share protection, no person shall be capable of benefiting under sub clauses 3.1 and 3.2 unless he has settled and maintained a similar contract of life assurance, critical illness and/or terminal illness on his own life on trusts similar to those contained herein for the Beneficiaries not excluded from benefiting by this sub clause 3.4 and the benefit to which any such person would but for this sub clause 3.4 be entitled shall accrue to and form part of the entitlement of the person or persons not so excluded by this sub clause 3.4 from benefiting and if more than one in proportion to the entitlement inter se that they have in the absence of this sub clause 3.4.
- 3.5 Notwithstanding the provisions in sub clauses 3.1 and 3.2 if
  - (a) the Settlor should resign or retire from the Firm or otherwise cease to be a partner or
  - (b) the Firm should be dissolved other than as a result of the death of the Settlor before the occurrence of the event upon which the Policy proceeds become payable then the Trust Fund shall revert to the Settlor absolutely.

### 4 Trustees' Powers

In addition to the powers given to them by law, the Trustees shall have the following powers.

- 4.1 The Trustees may invest any money requiring to be invested (subject to obtaining advice, if required by law) in such manner as if they were absolutely beneficially entitled to the investments.
- 4.2 The Trustees are under no obligation to diversify the Trust Fund.
- 4.3 The Trustees shall have power to effect any life assurance policy on the life of any person or persons, accept assignments of a policy to the Trust and exercise any option under any policy held by the Trustees and to sell, charge, assign or surrender the whole or any part of such policy. For the avoidance of doubt any new policy or increase or decrease of benefits secured by any policy or by any new policy which is effected under any options which are contained in any policy shall be subject to the same Trust as set out in this Deed.
- 4.4 The Trustees shall have power to borrow money on such terms and security as they think fit.
- 4.5 The Trustees shall have power to lend money to any of the Beneficiaries on such terms and security as they think fit.
- 4.6 The Trustees shall have power revocably or irrevocably to delegate any power or powers in making, managing, realising or otherwise dealing with any property comprised in the Trust Fund to any person or persons upon such terms as to remuneration or otherwise as the Trustees may think fit and no Trustee shall be responsible for the default of any such agent if the Trustee in question employed or incurred expense in employing him in good faith.

**5 Administrative Provisions****5.1 Payments to Trustees**

Any Trustee for the time being (other than the Settlor) shall:

- (i) be entitled to recover all reasonable expenses; and
- (ii) being a solicitor or other person or corporate body engaged in any profession or business be entitled to be paid all usual professional or other charges for business done in relation to the Trust.

**5.2 Appointment of Trustees**

There shall be vested in the Settlor the power of appointment of a new Trustee and/or additional Trustee(s). Subject thereto the power to appoint new or additional Trustees shall be vested in the Trustees.

**5.3 Power to vary administrative provisions**

When in the management or administration of the Trust Fund, any transaction is, in the opinion of the Trustees, expedient but cannot be effected by reason of the absence of any power for that purpose, the Trustees may by deed confer on themselves either generally, or in the particular instance, the necessary power for the purpose and on the execution of such a deed the Trustees will have such power as if it had been expressly conferred on them by this Deed.

**6 Exercise of Powers**

- 6.1 Subject to sub clause 3.5, none of the Trust powers or provisions shall operate or be exercised so as to allow any part of the Trust Fund or the income arising from it to be paid, transferred, or applied directly or indirectly to or for the benefit of the Settlor in any circumstances whatsoever.
- 6.2 The Trustees shall have power by deed or deeds revocable (whether by the person making such deed or some other person) during the Trust Period or irrevocable wholly or partially to release or restrict the future exercise of any power hereby conferred on them (including this power) whether or not of a fiduciary nature and so as to bind their successors.

**7 Protection of the Trustees**

No Trustee (other than a professional Trustee) will be liable for any loss to the Trust Fund or part of the Trust Fund at any time unless that loss resulted from personal dishonesty or knowing breach of trust.

**SCHEDULE**

This Deed is designed for use with applications for new policies only.

The 'Policy' means:  
Application for a new policy

Name of Company

Legal & General

Description of policy

Date of application

D D M M Y Y Y Y

Life Assured

**Witnessing:**

Please ensure that all signatures are witnessed by an independent person.

The same person can witness all signatures.

Witnesses must be adult and not someone already named in the Trust nor their spouse or civil partner.

**Date:**

Once all the parties have signed, please insert the date of the Deed in the box on page 2.

IN WITNESS whereof the parties have signed this instrument as a deed

**THE SETTLOR**

1. Signed and delivered as a deed by the said (full name)

2. Signature

3. In the presence of witness (full name of witness)

4. Signature of witness

5. Address of witness

Postcode

6. Date

D	D	M	M	Y	Y	Y	Y
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<b>ADDITIONAL TRUSTEE 1</b>		<b>ADDITIONAL TRUSTEE 2</b>	
1. Signed and delivered as a deed by the said Trustee (full name)		1. Signed and delivered as a deed by the said Trustee (full name)	
<input type="text"/>		<input type="text"/>	
2. Signature		2. Signature	
<input type="text"/>		<input type="text"/>	
3. In the presence of witness (full name of witness)		3. In the presence of witness (full name of witness)	
<input type="text"/>		<input type="text"/>	
4. Signature of witness		4. Signature of witness	
<input type="text"/>		<input type="text"/>	
5. Address of witness		5. Address of witness	
<input type="text"/>		<input type="text"/>	
Postcode		Postcode	
<input type="text"/>		<input type="text"/>	
6. Date		6. Date	
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<b>ADDITIONAL TRUSTEE 3</b>		<b>ADDITIONAL TRUSTEE 4</b>	
1. Signed and delivered as a deed by the said Trustee (full name)		1. Signed and delivered as a deed by the said Trustee (full name)	
<input type="text"/>		<input type="text"/>	
2. Signature		2. Signature	
<input type="text"/>		<input type="text"/>	
3. In the presence of witness (full name of witness)		3. In the presence of witness (full name of witness)	
<input type="text"/>		<input type="text"/>	
4. Signature of witness		4. Signature of witness	
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5. Address of witness		5. Address of witness	
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Postcode		Postcode	
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**Legal & General Assurance Society Limited**

Registered in England No. 166055

**Registered office:** One Coleman Street, London EC2R 5AA

We are authorised and regulated by the Financial Services Authority.  
We are members of the Association of British Insurers.

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